

LONG ISLAND POWER AUTHORITY
MINUTES OF THE PERSONNEL AND COMPENSATION COMMITTEE
MEETING HELD ON JANUARY 25, 2017

The Personnel and Compensation Committee of the Long Island Power Authority (the "Authority") was convened at 10:00 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on January 20, 2017 and electronic notice posted on the Authority's website annually.

The following Trustees of the Authority were present:

Thomas J. McAteer, Committee Chair
Matthew Cordaro
Jeffrey Greenfield
Elkan Abramowitz
Sheldon Cohen
Mark Fischl
Peter Gollon

Representing the Authority were Thomas Falcone, Chief Executive Officer; Joseph Branca, Chief Financial Officer; Jon Mostel, General Counsel; Bobbi O'Connor, Deputy General Counsel; John Little, Vice President of Strategy and Policy; Kenneth Kane, Vice President of Financial Oversight; and Barbara Dillon, Director of Human Resources & Administration.

Committee Chair McAteer welcomed everyone to the Personnel and Compensation Committee meeting of the Long Island Power Authority Board of Trustees.

Chair McAteer stated that the first item on the agenda is the adoption of the minutes from the May 18, 2016 meeting.

The Chair made a motion to accept the minutes of the May 18, 2016 meeting. Upon motion duly made and seconded the minutes were approved unanimously.

Committee Chair McAteer stated that next item on the agenda is consideration of recommendation to approve amendments to Committee Charter, which would be presented by Jon Mostel.

Mr. Mostel presented the following action item and took questions from the Trustees:

Requested Action

The Personnel and Compensation Committee (the “Committee”) of the Board of Trustees is requested to adopt a resolution recommending that the full Board adopt revisions to the Long Island Power Authority (the “Authority”) Personnel and Compensation Committee Charter (the “Charter”) in the form attached hereto.

Background

The Charter, which was most recently revised by the Board of Trustees on February 26, 2014, establishes the purpose, membership, meeting requirements and responsibilities of the Committee and serves as the governing document for the Committee. Consistent with the Charter, the Committee has undertaken a thorough review of the Charter’s adequacy and recommends some changes that clarify the Committee’s responsibilities with regard to the Authority’s Chief Executive Officer (“CEO”) and oversight of the CEO’s administration of the Authority’s compensation and benefit plans and personnel policies and programs which are intended to achieve the Board’s policies on attraction, development, retention and succession of employees and officers. The proposed revisions to the Charter also recognize the delegation by the Governance Committee to the Committee of the requirement under the LIPA Reform Act to annually review the Authority’s staffing to ensure that it is kept at the minimum level necessary to meet the Authority’s obligations with respect to its bonds and notes and all applicable statutes and contracts, and oversee the activities of its service provider. Finally, the proposed Charter revisions adopt a common format for all of the Board Committee charters.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form of the draft resolution attached hereto.

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RECOMMENDATION FOR APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY PERSONNEL AND COMPENSATION COMMITTEE CHARTER

WHEREAS, the Trustees adopted on February 26, 2014, a Personnel and Compensation Committee Charter (“Charter”) which establishes, among other things, the purpose, powers, composition and key responsibilities of the Personnel and Compensation Committee (the “Committee”); and

WHEREAS, the Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to revise it for the reasons set forth in the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED, that the Committee recommends that the Board of Trustees adopt the Long Island Power Authority’s “Personnel and Compensation Committee Charter (January 25, 2017)” in the form presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

Committee Chair McAteer stated that next item on the agenda is the presentation of the Annual Report to Board on Staffing, which would be presented by Thomas Falcone.

Mr. Falcone presented the Annual Report to Board on Staffing and took questions from the Trustees.

Committee Chair McAteer stated that next item on the agenda is consideration of recommendation to approve Policy Regarding Staffing and Employment, which would be presented by John Little.

Mr. Little presented the following action item and took questions from the Trustees:

Requested Action

The Personnel and Compensation Committee (the “Committee”) of the Board of Trustees (the “Board”) is requested to adopt a resolution recommendation that the Board approve a Board Policy on Staffing and Employment as further described below.

Board Policies

The Authority’s strategic planning process calls for, among other things, the creation of the Mission Statement and a series of Board Policies to be developed and reviewed by the various respective Board Committees for ultimate adoption by the full Board. Since September 2016, seven Board Policies have been adopted by the Board upon the recommendation of the respective Board Committees: (1) Regionally Competitive Rates (Finance and Audit); (2) Debt and Access to Credit (Finance and Audit); (3) Taxes, PILOTs and Assessments (Finance and Audit); (4) Trustee and Employee Development, Retention and Succession (Personnel and Compensation); (5) Purpose and Role of the Authority’s Board, the Authority’s Officers and Staff, the Authority’s Service Provider,

and the Department of Public Service (Governance); (6) Board Governance and Agenda Planning (Governance); and (7) Trustee Communications and Conduct (Governance).

This proposed Board Policy on Staffing and Employment defines the expectations of the Board regarding the existing authority granted to the Chief Executive Officer for staffing and employment in the Authority's By-Laws and supplements the approved Board Policies on (1) *Trustee and Employee Development, Retention and Succession*; and (2) the *Purpose and Role of the Authority's Board, the Authority's Officers and Staff, the Authority's Service Provider, and the Department of Public Service* by setting the Board's expectations for:

1. The Board's relationship with the Chief Executive Officer and other Board-appointed officers;
2. The Chief Executive Officer's role in managing and directing the staff of the Authority and establishing programs, procedures and guidelines for the management of the staff;
3. The components and expectations to be incorporated into the Authority's employment and staffing practices by the Chief Executive Officer; and
4. The responsibility of the Chief Executive Officer to report annually to the Board on the staffing of the Authority pursuant to the requirement of the LIPA Reform Act that staffing be kept at the minimum level necessary to ensure that the Authority is able to meet its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversee the activities of the Authority's service provider.

Recommendation

Based upon the foregoing, I recommend the approval of the adoption of the resolution in the form attached hereto.

A motion was made and seconded, and the Trustees unanimously adopted the

following resolution:

RECOMMENDATION FOR APPROVAL OF LONG ISLAND POWER AUTHORITY BOARD POLICY ON STAFFING AND EMPLOYMENT

WHEREAS, the Board of Trustees of Long Island Power Authority (the "Authority") oversees the management of the Authority, the contractual relationship with the Authority's Service Provider, and fulfillment of the Authority's mission; and

WHEREAS, as stewards of the Authority, the Trustees have a natural role in setting the Authority's strategic policies and overseeing their fulfillment; and

WHEREAS, the Authority's Board of Trustees delegated certain responsibilities in the Authority's By-Laws to the Chief Executive Officer for managing and directing the staff of the Authority;

WHEREAS, the Board of Trustees desires to define its expectations for the Chief Executive Officer's management of the Authority's employment and staffing;

WHEREAS, the Personnel and Compensation Committee (the "Committee") of the Authority's Board of Trustees, in its charter, was delegated the responsibility of reviewing the Authority's policies regarding staffing and employment for the Authority's staff;

NOW, THEREFORE, BE IT IS RESOLVED, that the Committee hereby recommends that the Board of Trustees approve and adopt a Board Policy on Staffing and Employment in the form attached to this resolution; and

BE IT FURTHER RESOLVED, that the policy be subject to annual review and evaluation by the Committee in accordance with the accompanying memorandum.

Committee Chair McAteer stated that next item on the agenda is discussion of CEO Evaluation Process, which would be presented by Thomas Falcone.

Mr. Falcone discussed the CEO Evaluation Process and took questions from the Trustees.

At approximately 10:27 a.m., Chair McAteer stated that the Committee would adjourn to Executive Session to discuss personnel matters. The Chair noted that no votes would be taken and that the committee would not be returning to public session. The Chair entertained a motion to adjourn, which was duly made and seconded.